



Reprinted
January 25, 2005

HOUSE BILL No. 1097

DIGEST OF HB 1097 (Updated January 24, 2005 5:03 pm - DI 92)

Citations Affected: IC 6-1.1; noncode.

Synopsis: Property tax assessment of personal property. Establishes fair market value as the amount that must be deducted whenever the value of computer application software is allowed to be deducted from the true tax value of tangible personal property. Provides that the rules of the department of local government finance must require the use of nationally recognized valuation guides when determining the true tax value of mobile homes that are not assessed as real property.

Effective: January 1, 2006.

Borrer, Mays

January 6, 2005, read first time and referred to Committee on Ways and Means.
January 13, 2005, amended, reported — Do Pass.
January 24, 2005, read second time, amended, ordered engrossed.

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First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

HOUSE BILL No. 1097

A BILL FOR AN ACT to amend the Indiana Code concerning
taxation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 6-1.1-1-11 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 11. (a) Subject to
3 the limitation contained in subsection (b), "personal property" means:
4 (1) nursery stock that has been severed from the ground;
5 (2) florists' stock of growing crops which are ready for sale as pot
6 plants on benches;
7 (3) billboards and other advertising devices which are located on
8 real property that is not owned by the owner of the devices;
9 (4) motor vehicles, mobile houses, airplanes, boats not subject to
10 the boat excise tax under IC 6-6-11, and trailers not subject to the
11 trailer tax under IC 6-6-5;
12 (5) foundations (other than foundations which support a building
13 or structure) on which machinery or equipment is installed; and
14 (6) all other tangible property (other than real property) which is
15 being:
16 (A) held for sale in the ordinary course of a trade or business;
17 (B) held, used, or consumed in connection with the production

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of income; or

(C) held as an investment.

(b) Personal property does not include **the following:**

(1) Commercially planted and growing crops while they are in the ground.

(2) **Computer application software that is not held as inventory (as defined in IC 6-1.1-3-11).**

SECTION 2. IC 6-1.1-31-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 7. (a) With respect to the assessment of personal property, the rules of the department of local government finance shall provide for the classification of personal property on the basis of:

(1) date of purchase;

(2) location;

(3) use;

(4) depreciation, obsolescence, and condition; and

(5) any other factor that the department determines by rule is just and proper.

(b) With respect to the assessment of personal property, the rules of the department of local government finance shall include instructions for determining:

(1) the proper classification of personal property;

(2) the effect that location has on the value of personal property;

(3) the cost of reproducing personal property;

(4) the depreciation, including physical deterioration and obsolescence, of personal property;

(5) the productivity or earning capacity of mobile homes regularly used to rent or otherwise furnish residential accommodations for periods of thirty (30) days or more;

(6) sales data for generally comparable mobile homes, **and which must require the use of nationally recognized valuation guides when determining the true tax value of mobile homes assessed under IC 6-1.1-7;**

(7) **the fair market value of computer application software, for the purpose of deducting the value of computer application software from the acquisition cost of tangible personal property whenever the value of the tangible personal property that is recorded on the taxpayer's books and records reflects the value of the computer application software; and**

~~(7)~~ (8) the true tax value of personal property based on the factors listed in this subsection and any other factor that the department determines by rule is just and proper.

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1 (c) In providing for the classification of personal property and the
2 instructions for determining the items listed in subsection (b), the
3 department of local government finance shall not include the value of
4 land as a cost of producing tangible personal property subject to
5 assessment.

6 (d) With respect to the assessment of personal property, true tax
7 value does not mean fair market value. Subject to this article, true tax
8 value is the value determined under rules of the department of local
9 government finance.

10 SECTION 3. [EFFECTIVE JANUARY 1, 2006] **IC 6-1.1-1-11 and**
11 **IC 6-1.1-31-7, both as amended by this act, apply only to property**
12 **taxes first due and payable after December 31, 2006.**

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1097, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 6-1.1-1-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 11. (a) Subject to the limitation contained in subsection (b), "personal property" means:

- (1) nursery stock that has been severed from the ground;
- (2) florists' stock of growing crops which are ready for sale as pot plants on benches;
- (3) billboards and other advertising devices which are located on real property that is not owned by the owner of the devices;
- (4) motor vehicles, mobile houses, airplanes, boats not subject to the boat excise tax under IC 6-6-11, and trailers not subject to the trailer tax under IC 6-6-5;
- (5) foundations (other than foundations which support a building or structure) on which machinery or equipment is installed; and
- (6) all other tangible property (other than real property) which is being:
 - (A) held for sale in the ordinary course of a trade or business;
 - (B) held, used, or consumed in connection with the production of income; or
 - (C) held as an investment.

(b) Personal property does not include **the following**:

- (1) Commercially planted and growing crops while they are in the ground.
- (2) **Computer application software.**

Page 2, line 7, after "computer" insert "**application**".

Page 2, line 7, delete ";" and insert ", **for the purpose of deducting the value of computer application software from the acquisition cost of tangible personal property whenever the value of the tangible personal property that is recorded on the taxpayer's books and records reflects the value of the computer application software;**".

Page 2, line 16, delete "Except as provided in subsection (e), with" and insert "With".

Page 2, delete lines 20 through 21.

Page 2, line 22, after "2006]" insert "**IC 6-1.1-1-11 and**".

Page 2 line 22, after "IC 6-1.1-31-7," insert "**both**".

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Page 2, line 23, delete "applies" and insert "**apply**".

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1097 as introduced.)

ESPICH, Chair

Committee Vote: yeas 24, nays 0.

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HOUSE MOTION

Mr. Speaker: I move that House Bill 1097 be amended to read as follows:

Page 2, line 6, delete "." and insert "**that is not held as inventory (as defined in IC 6-1.1-3-11)**".

(Reference is to HB 1097 as printed January 14, 2005.)

BORROR

HOUSE MOTION

Mr. Speaker: I move that House Bill 1097 be amended to read as follows:

Page 2, line 29, delete ";" and insert ",".

Page 2, line 29, after "and" insert "**which must require the use of nationally recognized valuation guides when determining the true tax value of mobile homes assessed under IC 6-1.1-7**";

(Reference is to HB 1097 as printed January 14, 2005.)

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